



## Table of Contents

### Guidelines

Introduction-----	Page 2
2005 Program Changes -----	Page 2
Tax Credit Accountability Act of 2004 -----	Page 3
Eligibility Requirements-----	Page 5
Eligible Project Types-----	Page 6
Eligibility Grid At A Glance -----	Page 9
Eligible Expenses-----	Page 10
Ineligible Expenses -----	Page 10
Review Process of Applications -----	Page 11
Preparing the Application -----	Page 12
Application Instructions -----	Page 13
Definitions -----	Page 16
Application Checklist -----	Page 17
Appendix-----	Page 18

### 2005 Preliminary Approval Application Forms

Form 1A

Signature Page

Form 1B

# **Neighborhood Preservation Tax Credit (NPA) 2005 Program Application and Guidelines**

## **Introduction**

**The Missouri Neighborhood Preservation Act was passed during the 1999 Missouri General Assembly and became effective January 1, 2000. The law's intent is to aid in the rehabilitation and new construction of homes in certain census blocks in the state of Missouri. The Missouri Department of Economic Development is responsible for the administration and issuance of tax credits under this program.**

### **WHAT IS THE NPA TAX CREDIT?**

A state tax credit is a dollar-for-dollar reduction/elimination of an entity's state tax liability, as opposed to a tax deduction. Upon approval from the Department of Economic Development, the tax credit recipient can choose to use the credit against their tax liability or has the option of selling/transferring the credit to another person/entity.

The tax credit is issued at the completion of the project and based upon approval of the final paperwork. It must first be claimed in the year that it was issued. Then, you have the option of applying the tax credit 3 years prior or 5 years forward. Please note that this is **NOT a grant program** and actual dollars will not be issued to assist in the rehabilitation or construction of a project. The tax credit is non-refundable.

## **2005 Program Changes**

- Effective January 2005 Credits can no longer be transferred from one property address to another.
- The qualifying areas of the Neighborhood Preservation program have been expanded to include metropolitan statistical areas that were designated as either a federal empowerment zone or a federal enhanced enterprise community, or a state enterprise zone designated under certain qualifying dates.
- To receive credits, invoices and proof of payment of those invoices will be required as expense back up documentation as part of the final paperwork.
- SB1099 Tax Credit Accountability Act was passed and is effective on January 1, 2005. Below outlines the provisions of the law.

# NOTICE

**The Tax Credit Accountability Act of 2004 (Senate Bill 1099, Sections 135.800 through 135.830, RSMo) makes several changes to the tax credit programs, specifically:**

- **Processing tax credit applications;**
- **Annual reporting requirements; and,**
- **Penalty provisions.**

## Changes in Processing of Tax Credits (Section 135.815)

**Prior to the Missouri Department of Economic Development (DED) authorization of a tax credit, the DED will speak to the Departments of Revenue and Insurance and verify that the applicant does not owe any delinquent income, sales, use taxes, or insurance taxes, or interest or penalties on such taxes. If a delinquency exists, the amount of tax credits issued will be reduced by the amount of the delinquency. After satisfying all delinquencies, the remaining credits shall be issued.**

## Reporting Requirements (Section 135.805)

**Certain tax credit recipients are required to annually report information pertaining to the project that received the tax credits to the DED. Because the statute requires that a full year pass after the issuance of the tax credits before the reporting requirements must be met, the earliest date that reporting will be required is June 30, 2006.**

The Housing Category of tax credits, which includes the Neighborhood Preservation Tax Credit program, requires recipients to annually report for three (3) years following the date of issuance of the tax credits to the DED the following information:

- Address of the project;
- Fair market value of the property, which would be the value as of the purchase of the property or the most recent assessment, whichever is more recent (Subsection 6 of 135.802, RSMo);
- Projected or actual labor cost; and,
- Completion date of the project.

## Penalty Provisions (Section 135.810)

**Failure to meet the annual reporting requirements or fraud in the application process if determined by a court, such person or entity shall be subject to penalties.**

If the annual report is ninety (90) days past due, the DED shall send notice by registered mail to the last known address of the person or entity who is required to complete the annual report. The notice shall inform the person or entity of the past-due report and the pending penalties and their respective deadlines.

If the annual report is six (6) months past due, the DED shall notify the Department of Revenue that the taxpayer is subject to penalties because of failure to report.

**Such penalties include the following:**

- Failure to report for six (6) months but less than one year shall equal a penalty of two percent (2%) of the value of the tax credits issued for each month of the delinquency.
  - EXAMPLE: Recipient receives \$10,000 in tax credits. Annual report is due June 30, 2006, however, the recipient does not submit the report until March 30, 2007. The recipient is nine (9) months delinquent and the penalty would equal 2% multiplied by \$10,000 for nine (9) months or \$1800.
- Failure to report for more than one (1) year shall equal a penalty of ten percent (10%) of the value of the credits issued for each month of the delinquency, not to exceed one hundred percent (100%) of the tax credit value.
  - EXAMPLE: Recipient receives \$10,000 in tax credits. Annual report is due June 30, 2006, however, the recipient does not submit the report until March 30, 2008. The recipient is twenty-one (21) months delinquent and the penalty would equal 10% multiplied by \$10,000 for twenty-one (21) months or \$21,000, however, the statute limits the penalty to the amount of the tax credits, therefore, the penalty would be \$10,000.

The taxpayer shall be liable for any penalties as of December 31 of any tax year and the liability shall be due as of the filing date of the taxpayer's next income tax return.

If the taxpayer is not required to file an income tax return, the taxpayer's liability for penalties shall be due as of April 15<sup>th</sup> of each year.

The Director of the Department of Revenue shall offset any tax credits claimed on a filed tax return against an outstanding penalty before applying such credits to the tax year against which they were originally claimed.

Any nonpayment of liability for penalties shall be subject to the same provisions of law as a liability for unpaid income taxes, including but not limited to, interest and penalty provisions.

Penalties shall remain the obligation of the person or entity obligated to complete the annual report without regard to any transfer of the credits.

<b>Closed Records (Sections 610.255 and 620.014)</b>
--

**Prior to August 28, 2004 and pursuant to Section 620.014, DED had the authority to close certain records except for the name of the tax credit recipient and the amount of the tax**

credit. SB 1099 removes this broad exception but DED retains the authority to close records or documents that “relate to financial investments in a business, or sales projections or other business plan information which may endanger the competitiveness of a business” or as also allowed by law.

## Guidelines

### Eligibility Requirements

All property must be for long-term homeownership. Rental and commercial properties are ineligible. However, if the properties would be partially owner-occupied, the credits can be prorated to include all of the costs of the owner-occupied unit and a percentage of the overall exterior costs (i.e. duplex 50/50, triplex 33%, etc.).

Eligible expenses must end, begin, or continue through the year in which the taxpayer applies to the program. Eligible expenses can only go back as far as the first day of the previous year in which the applicant applies for the tax credits (for this application period, it is **January 1, 2004**). All taxpayers must apply during the time prescribed by the Department of Economic Development and be chosen in the lottery.

If a particular application is not selected in the lottery, then the applicant has the option to resubmit the following year. If all funds are not allocated during the lottery, applications will still be accepted for that particular census area.

The Neighborhood Preservation Tax Credit Program may not be used with any other state tax credit program with the exception of the Historic Preservation Tax Credit Program as authorized by sections 253.545 to 253.561, RSMo. If historic preservation tax credits are claimed, the maximum available credits under this program will be the lesser of either 20% of the eligible costs or \$40,000.

The maximum tax credit for a project consisting of multiple-units in a qualifying area (in a distressed community) is \$3 million.

An applicant must receive approval to extend the project period past 24 months.

# Types of Eligible Projects

**Refer to Grid on page 9**

## REHABILITATION

### Eligible Areas

An eligible area includes those properties in the state of Missouri that are single-family residences which are forty years of age or older and, do not lie within a distressed community as defined by section 135.530, RSMo. The following must apply to the property for this category:

- occupied or intended to be occupied long-term by the owner or offered for sale at market rate for owner occupancy.
- if in a metropolitan statistical area or non-metropolitan statistical area, the property must be in a United States census block group which has a median household income of less than ninety percent (90%) but greater than or equal to seventy percent (70%) of the median household income for the metropolitan statistical area in which the census block group is located.

You must incur a minimum cost of \$10,000 worth of eligible expenditures to receive a 25% tax credit. The maximum tax credit amount is \$25,000 in any 10-year period. *For example, if you spend \$30,000 to rehab your home, you could receive a \$7,500 tax credit [ $\$30,000 \times 25\% = \$7,500$ ]. You could reapply continuously until you reach the \$25,000 tax credit amount.*

*Please note: Multiple unit structures such as condominiums, lofts, and multiple single-family residences are not eligible under this area.*

### Qualifying Area

A qualifying area includes those properties in the state of Missouri that are single-family residences which are forty years of age or older and lies within a distressed community as defined by section 135.530, RSMo. This also includes condominiums, lofts, and multiple single-family residences. The following must apply to the property for this category:

- occupied or intended to be occupied long-term by the owner or offered for sale at market rate for owner occupancy.

- if in a metropolitan statistical area or non-metropolitan statistical area, the property must be in a United States census block group, which has a median household income of less than seventy percent (70%).

You must incur a minimum cost of \$5,000 worth of eligible expenditures to receive a 25% tax credit. The maximum tax credit amount is \$25,000 in any 10-year period. *For example, if you spend \$7,500 to rehab your home, you could receive a \$1,875 tax credit [ $\$7,500 \times 25\% = \$1,875$ ]. You could reapply continuously until you reach the \$25,000 tax credit amount.*

### **Substantial Rehabilitation**

Substantial rehabilitation for properties fifty years of age or older allows for those property owners who will incur extensive rehab costs to their properties that are equal to or exceed 50% of the purchase price of the residence or \$5,000 (whichever is more), and falls within the qualifying area. If so, you will have the option to apply for the 35% tax credit. I.e., if you purchased the residence for \$20,000, you would have to incur at least \$10,000 in rehab expenses. The maximum tax credit amount is \$70,000. *For example, if you spend \$45,000 to rehab your home, you could receive a \$14,000 tax credit [ $\$45,000 \times 35\% = \$14,000$ ]. You could reapply continuously until you reach the \$70,000 tax credit amount.*

❖ *Please note: the Neighborhood Preservation Tax Credit Program may not be used with any other state tax credit program with the exception of the Historic Preservation Tax Credit Program as authorized by sections 253.545 to 253.561, RSMo. If historic preservation tax credits are claimed, the maximum available credits under this program will be the lesser of either the 20% of the eligible costs or \$40,000. Also, the maximum tax credit for a project consisting of multiple-units in a qualifying area (in a distressed community) is \$3 million.*

## **NEW CONSTRUCTION**

### **Eligible Area**

If doing new construction in the state of Missouri under this category, the following must apply:

- the newly constructed residence must be replacing a residence that is equal to or more than forty years of age and is demolished for the purposes of constructing a replacement residence.
- the residence is constructed on vacant property, which has been classified (for tax purposes) for not less than forty continuous years as residential, utility, commercial, railroad, or other real property.
- if in a metropolitan statistical area or non-metropolitan statistical area, the property must be in a United States census block group which has a median household income of less than ninety percent (90%) but greater than or equal to seventy percent (70%) of the median household income for the metropolitan statistical area in which the census block group is located.

There is no minimum cost that you must incur for new construction. The maximum tax credit amount is \$25,000 in any 10-year period. *For example, if you spend \$25,000 to construct your home, you could receive a \$3,750 tax credit [ $\$25,000 \times 15\% = \$3,750$ ]. You could reapply continuously until you reach the \$25,000 tax credit amount.*

### **Qualifying (Distressed Community) Area**

If doing new construction in the state of Missouri under this category, the following must apply:

- the land must have been vacant for at least two years and is or was occupied by a structure condemned by the local entity.
- if in a metropolitan statistical area or non-metropolitan statistical area, the property must be in a United States census block group, which has a median household income of less than seventy percent (70%).

There is no minimum cost that you must incur for new construction. The maximum tax credit amount is \$40,000 in any 10-year period. *For example, if you spend \$115,000 to construct your home, you could receive a \$17,250 tax credit [ $\$115,000 \times 15\% = \$17,250$ ]. You could reapply continuously until you reach the \$40,000 tax credit amount.*

❖ *Please note: no new residence may be constructed in a flood plain or on property used for agricultural purposes for the use of this program.*



<u>REHAB</u>			
		Eligible Area	Qualifying Area (including Distressed Community)
Eligible Costs	Residence:	<ul style="list-style-type: none"> <li>▪ ≥ 40 years old</li> </ul>	<ul style="list-style-type: none"> <li>▪ ≥ 40 years old</li> </ul>
	Tax credit:	<ul style="list-style-type: none"> <li>▪ 25% of eligible costs</li> <li>▪ \$10,000 minimum costs</li> <li>▪ \$25,000 tax credit max per residence per 10 years</li> </ul>	<ul style="list-style-type: none"> <li>▪ 25% of eligible costs</li> <li>▪ \$5,000 minimum costs</li> <li>▪ \$25,000 tax credit max per residence per 10 years</li> </ul>
Substantial Rehabilitation	Residence:	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ ≥ 50 years old</li> </ul>
	Tax credit:	<ul style="list-style-type: none"> <li>▪ not available</li> </ul>	<ul style="list-style-type: none"> <li>▪ 35% of eligible costs</li> <li>▪ Minimum costs =&gt;50% of purchase price <b>AND</b> no less than \$5,000</li> <li>▪ \$70,000 tax credit max per residence per 10 years</li> </ul>
<u>NEW</u>			
		Eligible Area	Qualifying Area
			Non DC      DC
Residence must be:		Replaces residence ≥ 40 years old <b>OR</b> On vacant property classified for tax purposes ≥ 40 years	Vacant ≥ 2 years <b>OR</b> Condemned
Tax credit for eligible costs:		<ul style="list-style-type: none"> <li>▪ 15% of eligible costs</li> <li>▪ No minimum</li> <li>▪ \$25,000 tax credit max per residence per 10 years</li> </ul>	<ul style="list-style-type: none"> <li>▪ 15% of eligible costs</li> <li>▪ No minimum</li> <li>▪ \$40,000 tax credit max per residence per 10 years</li> </ul>
Tax Credit for substantial rehabilitation:		Not available (not rehab)	

## **ELIGIBLE EXPENDITURES**

### Rehabilitation:

- ✓ Site preparation
- ✓ Survey
- ✓ Architectural and engineering services
- ✓ Construction
- ✓ Modification
- ✓ Expansion
- ✓ Remodeling
- ✓ Structural alteration
- ✓ Replacements and alterations
- ✓ Costs directly attributed to the rehabilitation
- ✓ Utility extensions on the property (water, sewer, electrical)
- ✓ Sidewalks and driveways directly attached to the building.

### New Construction:

- ✓ Property acquisition
- ✓ Development
- ✓ Site preparation
- ✓ Surveys
- ✓ Architectural and engineering services
- ✓ Construction
- ✓ Utility extensions on the property (water, sewer, electrical)
- ✓ Sidewalks and driveways directly attached to the building.

## **INELIGIBLE EXPENDITURES**

### Expenses not covered under this program but not limited to:

- ✓ Costs not directly attached to the building
- ✓ Landscaping, including privacy fencing
- ✓ Buildings other than garages
- ✓ Appliances
- ✓ Mirrors
- ✓ Awnings
- ✓ Marketing
- ✓ Parking lot
- ✓ Window treatments
- ✓ Items that are removable without damage to the property

# REVIEW PROCESS

This is not a competitive program. Applications **postmarked by November 15, 2004** are on equal standing and must go through a lottery process to determine the order in which applications are reviewed. Once the numbering of the applications is completed and the order in which they will be awarded is decided, the Department of Economic Development's staff ensures that all information necessary to make the application complete is included. Any application that is not complete may be pulled from the review process at the discretion of the Department of Economic Development. After the review, the applicant will be notified if additional information is needed. When all of the applications have been reviewed, the Department of Economic Development will notify the applicant in writing of the status of the application.

## WHAT HAPPENS AFTER THE REVIEW PROCESS?

If your application is not chosen for a tax credit award, we will notify you by letter. At that time, the official status of the application will be "Denied".

If your application is approved, the Department will also notify you by letter. You should proceed with your project to achieve the anticipated completion date as close as possible. Once you have completed the project, you will then submit the final paper work that must include the following:

1. Neighborhood Preservation Act Form 2- Final Approval
2. "After" Pictures – of the finished work
3. NPA E-form – must be signed and notarized. **Invoices and proof of payment need to be included.**
4. Code Certification – a copy of an inspection certificate from the local building maintenance/housing official. If there is no building, maintenance, or property codes, a signed affidavit from the local governing official stating there are no such requirements in the municipality or county is required.

To obtain the forms for items numbered 1 and 3, you may either request them from the Department of Economic Development or retrieve them from the following website  
<http://www.ded.state.mo.us/communities/communitydevelopment/npa/application.shtml>.

## How to use the tax credit

Once the project is completed and tax credits are issued, the applicant has the option to use the tax credits towards their Missouri tax liability, transfer, or sell the credits. To actually claim the credit on your state tax return, you must complete the MO-TC form, which is available by request from the Department of Revenue, (573) 751-3505 or via website at <http://dor.state.mo.us/tax>.

# PREPARING THE APPLICATION

When making the final preparation to send in the original application, keep an extra copy for your records. A checklist has been provided to ensure that you submit all required items. The deadline for submitting the applications is **NOVEMBER 15, 2004** or it must be **postmarked** by the same date. It is strongly suggested that your application be sent via express or certified mail to ensure receipt.

**APPLICATIONS DELIVERED BY HAND WILL NOT BE ACCEPTED.** Applications must be mailed to either of the following address:

Missouri Department of Economic Development  
**Neighborhood Preservation Act Tax Credit Program**  
P.O. Box 118  
Jefferson City, MO 65102

OR

Missouri Department of Economic Development  
**Neighborhood Preservation Act Tax Credit Program**  
301 W. High, Room 770  
Jefferson City, MO 65101

Only one application can be submitted per structure. Structures that are multi-units can be submitted on the same application. **An applicant can submit a maximum of 75 applications.**

## APPLICATION INSTRUCTIONS

### Part 1A - PRELIMINARY APPROVAL

Part 1A should be completed prior to the start of a new construction or rehabilitation project. This section will serve as a guide in completing the application. If you should have any questions or need clarification, call (573) 522-8004 and someone will assist you further.

1. **Applicant Information:** provide the name of the taxpayer who will be receiving the tax credit.  
  
**Developers Section:** indicate the type of category under partnership or corporation the applicant falls under. **For entities with flow through tax treatment (e.g. partnerships, S-corporations, etc.), include on a separate sheet the name, address, and social security number or taxpayer ID number for all persons or entities with an ownership interest. Provide the percentage ownership interest for each taxpayer as of the time of the application.** Give the name, address, telephone number, fax number, taxpayer identification number (FEIN or SSN), and e-mail address of the designated contact person of that company.  
  
**Homeowners Section:** indicate if you are the property owner or other which would include those individuals who have a long-term lease or option to purchase. Include the mailing address, telephone number, fax number, social security number, and e-mail address.
2. **Project Contact:** specify the contact person for the project. This is the person who is knowledgeable about the project. This contact will receive all correspondence on the project from the Department of Economic Development. It may be the applicant or a third-party contact like a consultant.
3. **Property Information:** you must provide the name of the property, street address, city, county, and zip code of the property. Indicate the present classification of the property (residential, commercial, both) and what the property will be classified after rehabilitation. Provide the legal description of the property as explained by your local government entity. A separate sheet may be attached.
4. **Type of Project:**  
  
**New Construction:** if you are building a new structure on a vacant lot, you must indicate the amount of time the property has been vacant. You must also provide documentation that confirms the length of time and proves the property has been classified for not less than 40 continuous years as residential, utility, commercial, railroad, or other real property. If you are demolishing a structure, you must also provide the same documentation to prove that the structure to be dismantled is equal to or more than 40 years of age and, is being torn down for the purposes of actually constructing a replacement residence. **Demolition of a local historic structure or a national register house must be authorized by the local governing authority or a landmarks association if applicable. A listing of the landmark associations is available through the State Historic Preservation Office. It should be signed off by the locality as to 'no historic significance'.**

**Rehabilitation:** you must provide documentation that indicates the age of the structure being rehabbed. If you are applying as a substantial rehabilitation project, you must include verification of basis documentation. This information will prove the purchase price of the structure (this information should be available in your closing documents or at the Recorder's office).

5. **Preliminary Tax Credit Request:** provide estimated costs of rehabilitation/construction and the estimated total cost of the project. A project start date and completion date must be included to assist with the eligibility of the application.
6. **Project Information:** indicate if this project will receive other state/federal tax incentives or grants. Other information needed will be the expected number housing units produced after rehabilitation/construction and/or the number of expected number of businesses produced after rehabilitation/construction (if applicable). Examples of percent of units owner-occupied are: *100% is single-family residence; duplex is 50%, triplex is 33%, etc.* Indicate if property is receiving tax abatement through the local government entity; if so, the length of time the property will receive this abatement.
7. **Applicant Signature:** original signature(s) of authorized taxpayer claiming the credit must be provided (use additional sheets if necessary).

## **PART 1B – DETAILED DESCRIPTION OF WORK**

**Describe existing feature and its condition:** in this space, provide a description (visual, structural, or other) of the project work and the current physical condition of the architectural features requiring work or the newly constructed features. Explain the entire project and not just those portions for which the tax credit will be sought. Begin by describing site work, followed by work on the exterior—including new construction—and finally work on the interior.

**Describe work and proposed impact on existing feature:** use this space to explain in detail the rehabilitation or new construction to be undertaken. Also, explain the effect (visual, structural, or other) on the architectural features receiving rehabilitation or being newly constructed (see examples in Appendix 1). Number each item to identify each architectural feature.

**Photographs:** number photographs or place them on a separate piece of paper that is numbered to show the architectural features before work begins. If new construction, photographs of the vacant land or structure to be demolished will suffice. Photographs should also be dated and labeled with the property name, the view (e.g. east side), and a brief description of what is shown. Photographs should be tied to the application narrative where appropriate. In many cases, it may be helpful to mark directly on the photographs the areas of proposed or completed work. Photographs may be black-and-white or color but must show architectural features clearly. **Photographs are not returnable.**

The applicant **must** submit a sufficient number of good, clear photographs with the application to document both interior and exterior conditions (including site and environment) prior to any rehabilitation work and to show the areas of proposed work. Elevations, interior features, and spaces of the buildings

should also be shown. *Where such documentation is not provided, review and evaluation cannot be completed, resulting in denial of the requested certification.*

**Drawings or sketches:** drawings or sketches are required when photographs are not available for proposed work to show planned alterations or new construction. They must be sufficiently detailed to show existing wall configurations and anticipated changes. Documentation should include floor plans and where necessary, sections and elevations. All drawings and sketches submitted with the application should be numbered and tied to the application narrative.

**Estimated rehabilitation costs:** you must give an approximate cost of the proposed rehabilitation of the feature or newly constructed feature.

❖ *Note: It is recommended that you contact your local building inspection authority to insure work completed will result in the ability to receive an occupancy or maintenance permit once work is completed.*

# Definitions

1. Basis: is the cost of acquisition.
2. Distressed Community: as defined in Section 135.530, RSMo.
3. Eligible Area: a single-family residence forty years of age or older, located in this state and not within a distressed community as defined by Section 135.530, RSMo, which is occupied or intended to be occupied long-term by the owner or offered for sale at market rate for owner-occupancy and which is either located within a United States census block group which, if in a metropolitan statistical area, has a median household income of less than ninety percent, but greater than or equal to seventy percent of the median household income for the metropolitan statistical area in which the census block group is located, or which, if located within a United States census block group in a non-metropolitan area, has a median household income of less than ninety percent, but greater than or equal to seventy percent of the median household income for the non-metropolitan areas in the state.
4. New Residence: a residence constructed on land which if located within a qualifying area has either been vacant for at least two years or is/was occupied by a structure which has been condemned by the local entity in which the structure is located or which, if located outside of a qualifying area but within an eligible area, either replaces a residence forty years of age or older, demolished for purposes of constructing a replacement residence, or which is constructed on vacant property which has been classified for not less than forty continuous years as residential or utility, commercial, railroad or other real property.
5. Qualifying Area: a single-family residence, forty years of age or older, located in this state which is occupied or intended to be occupied long term by the owner or offered for sale at market rate for owner-occupancy and which is located in a metropolitan statistical area or non-metropolitan statistical area within a United States census block group which has median household income of less than seventy percent of the median household income for the metropolitan statistical area or non-metropolitan area, respectively, or which is located within a distressed community. A qualifying residence shall include a condominium or residence within a multiple residential structure or a structure containing multiple single-family residences, which is located within a distressed community.
6. Substantial Rehabilitation: rehabilitation by which costs exceed fifty percent of either the purchase price or the cost basis of the structure immediately prior to the rehabilitation, provided that the structure is at least fifty years old.
7. Vacancy: the intent is to get homeowners into the properties; the property can be vacant no longer than one-year (plus 30 days) vacancy allowance after the time of credit issuance. At the end of the one-year period, if the Department has not been notified of the sale of the property, we will contact the taxpayer and require within 30 days to show proof of sale or recapture the full 100% of the credits.
8. Fair Market Value: the value as of the purchase of the property or the most recent assessment, whichever is more recent.
9. NAICS Code: NAICS – North American Industry Classification System. The Federal Office of Management and Budget (OMB) adopted the NAICS as the industry classification system used by the statistical agencies of the United States. NAICS replaces the 1987 Standard Industrial Classification (SIC). The NAICS is used for classifying business establishments to assist with gathering data related to measuring productivity, unit labor costs, and the capital intensity of production, employment and other information. Missouri businesses are assigned a NAICS when the company files a “Report to Determine Liability Status” with the Missouri Department of Labor and Industrial Relations, Division of Employment Security to determine Unemployment Tax Liability. Normally, a general business employer becomes liable for the tax and responsible for providing unemployment insurance for its workers when it:
  - Pays \$1,500 in wages (cash and in-kind) in a calendar quarter, or
  - Has an employee in some portion of a day in each of 20 different weeks, or
  - Becomes liable under the Federal Unemployment Tax Act (FUTA) and employs a worker in Missouri, or
  - Acquires and continues without interruption substantially all the business of a liable employer.



## NPA APPLICATION CHECKLIST

Upon completing the application, carefully check this list to make sure you have not overlooked any of the required items. Failure to submit information could result in the application being pulled from the review process.

- ☐ Form 1A – Preliminary Approval
- ☐ Form 1 B – Rehabilitation Information
- ☐ Signature Page with Notary
- ☐ Proof of Age
- ☐ Photographs/Drawings
- ☐ Legal Description
- ☐ Start and Completion Dates
- ☐ Verification of Basis (Substantial Rehabilitation only)
- ☐ Proof of Fair Market Value
- ☐ Tax Purposes of Property (New Construction only)



### REMINDER

Carefully check your entire application to be sure you have not overlooked any required information. A checklist is being provided for this purpose. It is necessary for you to provide all documentation that the Department has requested in order for proper consideration to be given to your application. ***FAILURE TO SUBMIT ALL REQUIRED DOCUMENTATION MAY RESULT IN THE DISQUALIFICATION OF YOUR APPLICATION.*** Keep a copy of the entire completed application (including attachments) for your own records.

## APPENDIX 1

### Examples of Completing Part 1B of the Preliminary Application

<b>PART 1B.</b>		
<b>Detailed Description of Work:</b> Includes site work, new construction, alterations, etc. Complete blocks below.		
<b>ITEM NUMBER: 1</b>		
<b>Describe existing feature and its condition:</b> Architectural Feature/Facade brick		
<i>Hard-pressed red brick with butter joints in good condition. Mortar is mostly sound but deteriorating and missing around the downspout at each end of façade. Some graffiti at first floor.</i>		
<b>Describe work and proposed impact on existing feature.</b>		
<i>Will selectively hand-clean deteriorated joints and repoint with mortar and joint width to match existing (see spec. pp. 33-35); chemically clean graffiti from first floor pier (see spec. pp.30-31).</i>		
PHOTO NUMBER 3.6	DRAWING NUMBER. (IF NO PHOTO) A-17	ESTIMATED REHABILITATION COSTS \$1,500
<b>ITEM NUMBER: 2</b>		
<b>Describe existing feature and its condition:</b> Main staircase		
<i>Original stair exists between 1<sup>st</sup> and 3<sup>rd</sup> floors. Some balusters missing and treads worn. Later stair from 3<sup>rd</sup> to 8<sup>th</sup> floors.</i>		
<b>Describe work and proposed impact on existing feature.</b>		
<i>Replace missing balusters with matching pieces. Sand-painted banisters and balusters and vanish. Replace treads as needed. Sand and stairs. Retain later stair as is.</i>		
PHOTO NUMBER 9, 10	DRAWING NUMBER. (IF NO PHOTO) B-5	ESTIMATED REHABILITATION COSTS \$600
<b>ITEM NUMBER: 3</b>		
<b>Describe existing feature and its condition:</b>		
<b>Describe work and proposed impact on existing feature:</b>		
PHOTO NUMBER	DRAWING NUMBER. (IF NO PHOTO)	ESTIMATED REHABILITATION COSTS \$